



**DETAILS AND PRINCIPLES REGARDING  
PROPOSED PILOTAGE CHARGES  
2025**

**DECEMBER 20, 2024**



## GENERAL

Pursuant to section 33.2 of the *Pilotage Act*, S.C. 1985, c. P-14, this document (further referred to as “Details and Principles” or “Document”) provides additional details, including methodology, to elaborate upon the Notice of Proposed Service Charges dated December 20, 2024 (“Notice”) where the Great Lakes Pilotage Authority (“GLPA”)’s proposed revised charges are to become effective on March 22, 2025.

This Document includes a description of the proposal, including the methodology in relation to establishing or revising the pilotage charges, and the circumstances in which the charges will apply. In developing the charges, the GLPA has observed all charging principles established under section 33.2 of the *Pilotage Act*. The financial information below is based on the current budgetary forecasts, and may be revised, following representations obtained under section 33.3 of the *Pilotage Act*. The methodology, as set out in this Document, is of general application and is illustrated using the proposed charges for 2025.

This Document consists of the following sections:

- 1) *General Overview of the GLPA*
- 2) *Traffic and Assignment Volumes*
- 3) *Fiscal 2024 Projected Financial Position of the GLPA*
- 4) *Cash and Financial Self-Sufficiency*
- 5) *Proposed Revision to Pilotage Charge Rates*
- 6) *Justification of the Proposal in Relation to the Charging Principles*
- 7) *Cost of Services*
- 8) *Definitions and Interpretations*
- 9) *Consultation*
- 10) *Information Regarding the Notice and on Making Representations to the GLPA*



## 1. GENERAL OVERVIEW OF THE GREAT LAKES PILOTAGE AUTHORITY

The GLPA is a Government of Canada non-agent Crown Corporation established in 1972 pursuant to the *Pilotage Act*. The objective of the GLPA is to establish, operate, maintain, and administer, in the interests of safety of navigation, an efficient pilotage service within the region set out in respect of the GLPA. The GLPA is tasked with achieving this objective while keeping with the following principles:

- a. that pilotage services be provided in a manner that promotes and contributes to the safety of navigation, including the safety of the public and marine personnel, and that protects human health, property and the environment;
- b. that pilotage services be provided in an efficient and cost-effective manner;
- c. that risk management tools be used effectively and that evolving technologies be taken into consideration; and
- d. that an Authority's pilotage charges be set at levels that allow the Authority to be financially self-sufficient.

The system of governance at the GLPA must allow the corporation to be a financial self-sustaining entity. The GLPA is governed by a 6-member Board of Directors ("Board"). The Governor in Council appoints the Chairperson of the GLPA, and the Minister of Transport appoints the other members of the Board for terms not exceeding four years.

The fundamental elements governing the mandate conferred on the GLPA by the *Pilotage Act* include the exclusive right to provide pilotage services to ships in an area of water in which ships are subject to compulsory pilotage, the exclusive ability to set and collect charges for pilotage services provided or made available by the GLPA or a contractor acting for the GLPA, and the obligation by the GLPA to provide these services.

When establishing a new charge for pilotage services or revising an existing charge, the GLPA must follow the charging principles set out in section 33.2(1) of the *Pilotage Act*. These principles prescribe that, among other things, charges must not be set at levels that, based on reasonable and prudent projections, would generate revenues exceeding the GLPA's current and future financial requirements related to the provision of compulsory pilotage services. Pursuant to the charging principles, the Board approves the amount and timing of changes to customer service charges. The Board also approves the GLPA's annual budget where the amounts to be recovered through customer service charges for the ensuing year are determined.

As noted, the GLPA plans its operations to result in an annual financial position in which revenues do not exceed current and future financial requirements related to the provision of compulsory pilotage services. Financial requirements include:

- a. operations and maintenance costs;
- b. management and administration costs;
- c. debt servicing requirements and financial requirements arising out of contractual agreements relating to the borrowing of money;
- d. capital costs and depreciation costs on capital assets;
- e. financial requirements necessary for the Authority to maintain an appropriate credit rating;



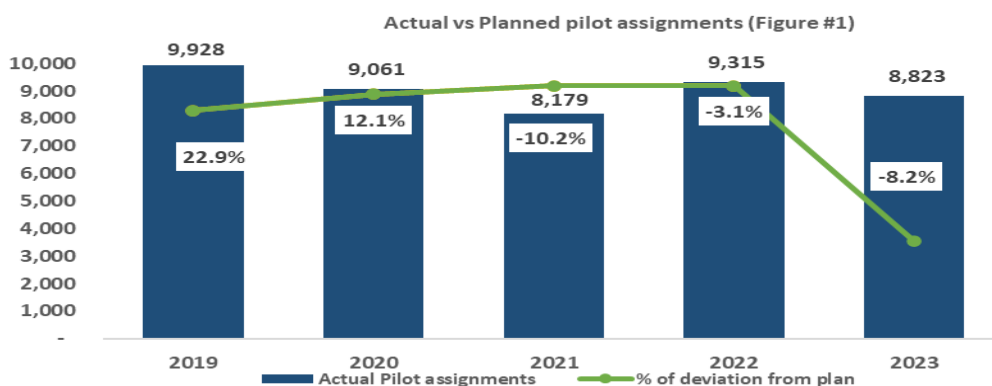
- f. tax liability;
- g. payments to the Minister for the purpose of defraying the costs of the administration of the *Pilotage Act*, including the development of regulations, and the enforcement of the *Pilotage Act*;
- h. reasonable reserves for future expenditures and contingencies; and
- i. other costs determined in accordance with accounting principles recommended by the Chartered Professional Accountants of Canada or its successor or assign.

The financial statements and Management’s Discussion and Analysis issued quarterly and annually provide extensive information on the revenues and expenses of the GLPA.

These documents are available at [www.glp-a-apgl.com](http://www.glp-a-apgl.com).

## 2. TRAFFIC AND ASSIGNMENT VOLUMES

In order to establish financial forecasts for future years, the GLPA relies on information obtained through various sources, such as discussions with industry stakeholders, shipping announcements, and news reports. This information is then compared with historical traffic data and new trends that surfaced in the past year. The GLPA’s ability to accurately forecast traffic in the Great Lakes region remains a challenge as the industry has very limited traffic forecasts to share for the upcoming fiscal year. As shown in the chart below, there have been significant deviations from planned assignments in the last five years.

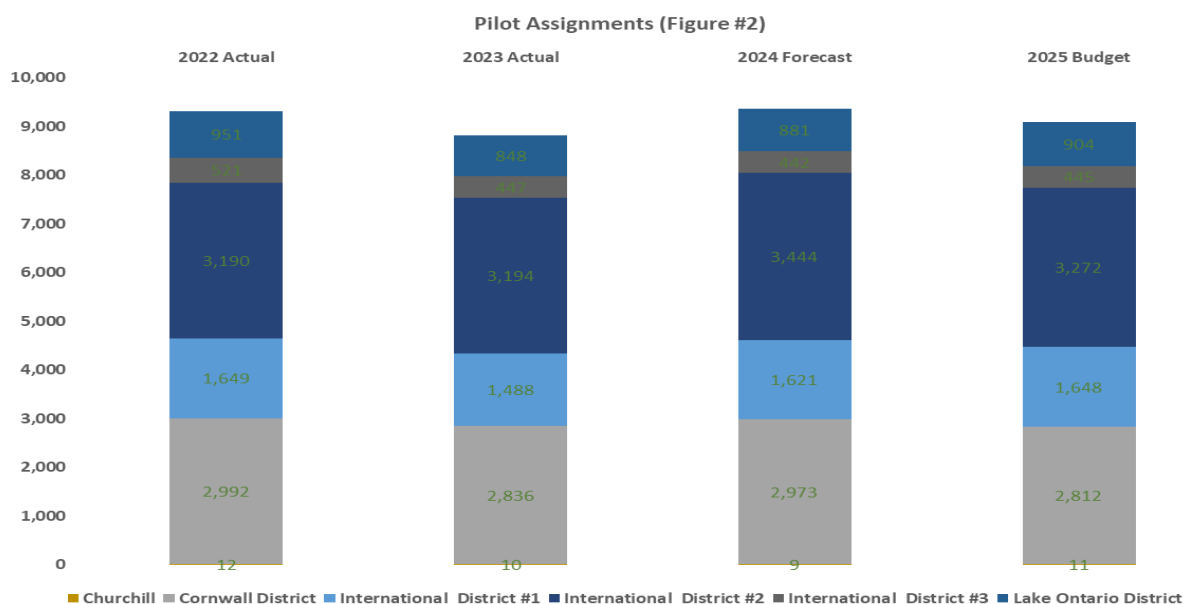


In 2024, traffic has shown an upward trend compared to the previous year (see Figure #2), with a 5% increase in total assignments. This includes a 6% rise in foreign vessel assignments and a 4% increase in domestic vessel assignments. By cargo type, bulk carriers and oil/product tankers have each seen an 11% increase, while general cargo assignments have decreased by 4%. We project a total of 9,370 assignments in 2024, reflecting a 6.2% increase from the previous year.

Looking ahead to 2025, the GLPA is preparing for a year similar to 2024, based on a six-year average, with an additional 2.3% growth drawn from the 10-year average growth rate. We anticipate a total of 9,092 assignments, excluding winter work. Given the uncertainties surrounding the potential impact of the recent U.S. elections on the navigation season and broader economic conditions, we have adopted a cautious approach in our forecast.



The following table provides the breakdown in pilotage assignments by district:



### 3. FISCAL 2025 PROJECTED FINANCIAL POSITION OF THE GLPA

Based on the level of traffic set out in section 2, the preliminary budget costs for fiscal 2025 are expected to be \$50.9 million. The following table sets out the specific amounts to be recovered in fiscal 2025, as compared to the previous years.

Expense type'000\$	Actual 2021	Actual 2022	Actual 2023	Forecast 2024	Budget 2025
Pilot salaries and benefits	25,931	31,544	33,572	33,568	34,472
Transportation and travel	3,666	3,548	8,132	4,425	4,523
Pilot boat services	2,013	2,441	3,271	3,543	3,667
Other Pilot Services and Expenses	958	1,061	709	663	680
Operation salaries and benefits	1,820	1,868	2,116	2,639	2,863
Administration salaries and benefits	1,323	1,562	1,618	1,862	2,143
Professional fees	509	686	1,336	984	1,069
Amortization and depreciation	281	365	380	332	335
Other Expenses	420	371	847	905	922
Transport Canada administration fees	202	317	125	302	308
	<b>37,123</b>	<b>43,763</b>	<b>52,105</b>	<b>49,222</b>	<b>50,982</b>

2025 revenues are expected to be \$51.9 million for an estimated accumulated surplus of approximately \$2 million.



## Cost Analysis

Overall, Operating expenses for fiscal 2025 are projected to rise by \$1.8 million compared to the 2024 forecast. This increase is primarily due to the additional costs required to support core operations and administrative activities. Detailed explanations for these expenses are outlined below:

1. Pilot Salaries and Benefits: An increase of \$905,000 is projected for fiscal year 2025. This rise is attributed to the hiring of five new apprentice pilots and the impact of annual salary adjustments. These additions are essential to support operational demands.
2. Transportation and travel expenses are projected to increase by \$98,000 in fiscal 2025. This increase is primarily due to CPI increase and contractual increases.
3. Pilot boat services are expected to increase by \$124,000 in fiscal 2025 due to contractual increases.
4. Operations and Administration salaries and benefits are expected to increase by \$506,000 due to additional positions.
5. Professional fees are expected to increase by \$85,000 in fiscal 2025.
6. Other expenses are expected to increase due to the CPI increase.
7. Amortization and depreciation expenses are expected to increase due to new capital investments.

## Capital Projects

The GLPA is expecting to spend \$915,000 in 2025;

### Leasehold improvements

The corporate office lease expired on January 31, 2024. It included an option for a 3-year renewal. The GLPA exercised this option, but also hired a real estate agent to look for an alternative location to accommodate the growing team. The organization also has the option to negotiate with its current landlord about moving to another floor. The estimated cost of \$500,000 covers real estate assessment, broker fees and potential leasehold improvements. These steps are part of GLPA's strategic efforts to ensure adequate space and resources for its expanding operations.

### Communication & Computer Equipment

The Portable Pilotage Unit (PPU) is a valuable tool that helps pilots make navigation decisions. The GLPA considers these units to be essential for achieving an economically sound, safe, and reliable pilotage service. The current units, replaced at the start of the 2022 navigation season, are expected to need replacement again in 2027.

In 2023, the GLPA engaged a Managed Service Provider to evaluate organizational risk and implemented targeted cybersecurity measures, such as threat monitoring, security awareness training, and phishing simulations for employees as well as dark web reporting. In the last quarter of 2024, the GLPA started the process to bring these processes in-house. Continuing in 2025, all GLPA infrastructure and users will be integrated into a common identity, security, and compliance platform. The GLPA also plans to renew and upgrade IT equipment, estimating that \$375,000 will be required.



## Software

The GLPA acknowledges the necessity of updating or replacing its billing, dispatching, and financial systems, with an estimated cost of approximately \$320,000. To ensure that these updates or replacements meet operational requirements, the organization plans to conduct a preliminary analysis of its needs in 2025. This careful approach will help align the new systems with the GLPA's strategic goals and operational demands, ensuring a smooth and effective transition.

## Operational Analysis

Our primary operational focus is to provide safe pilotage services, and we are proud to report that we met our 2024 goal, achieving a 99.9% incident-free rate for pilotage assignments.

On a day-to-day basis, we strive to balance the demand for safe and efficient pilotage services with the availability of resources. The GLPA anticipates 9,370 pilotage assignments in 2024, reflecting a 6.2% increase from 2023. The number of assignments per pilot (a key workload metric) rose by 8.4%, with an average of 138 assignments per pilot in 2024, compared to 128 in 2023.

As of the end of November, the number of vessel delay hours due to a shortage of pilots during the navigation season decreased by 46%, totaling 1,127 hours compared to the same period in 2023. This improvement in reducing delays was achieved despite the increase in assignments and a limited pilot complement. To ensure we can meet demand while maintaining efficiency, our target is to reduce assignments per pilot to 115-120, which should help minimize delays and pilotage costs by reducing the need for overtime.

However, we continue to face challenges due to a limited pool of qualified candidates—an issue that contrasts with our historical environment of stable numbers and low turnover. Contributing factors include a rising number of pilot retirements, which are expected to continue, and broader recruitment challenges across the industry. To address these issues, we are prioritizing succession planning and recruiting efforts to ensure a steady and qualified workforce.

## 4. CASH AND FINANCIAL SELF-SUFFICIENCY

The GLPA's financial objective is to generate a sufficient annual surplus to maintain a reasonable reserve on an ongoing basis. To achieve this goal, the GLPA develops annual pilotage charge strategies to cover its operational expenditures while containing pilotage costs. The GLPA is committed to maintaining a reasonable reserve to ensure it can sustain its operations during unpredictable situations and significant reductions in traffic. To ensure effective management of the reserve, the GLPA will update existing, and introduce new fiscal management infrastructure to ensure funds are managed and earmarked appropriately.

The actual and projected Statement of Financial Position is outlined below.



(000's)	2023 Actual	2024 Forecast	2025 Budget
<b>ASSETS</b>			
Cash and cash equivalents	17,116	16,585	12,215
Investment	0	0	5,000
Trade and other receivable	7,138	7,347	7,604
Prepays	46	46	46
<b>Current</b>	<b>24,300</b>	<b>23,978</b>	<b>24,865</b>
Property and equipment	804	579	934
Intangible assets	23	31	339
Right-of-use asset	7	172	90
<b>Non Current</b>	<b>834</b>	<b>782</b>	<b>1,363</b>
<b>Total</b>	<b>25,134</b>	<b>24,760</b>	<b>26,228</b>
<b>LIABILITIES</b>			
Accrued salaries and benefits	21,046	19,034	19,739
Other accounts payable and accrued charges	1,870	2,558	2,643
Employee benefits	17	13	11
Lease liability	7	82	86
<b>Current</b>	<b>22,940</b>	<b>21,687</b>	<b>22,479</b>
Employee benefits	2,099	1,948	1,778
Lease liability	0	94	7
<b>Non Current</b>	<b>2,099</b>	<b>2,042</b>	<b>1,785</b>
<b>Total</b>	<b>25,039</b>	<b>23,729</b>	<b>24,264</b>
<b>EQUITY</b>			
<b>Accumulated Surplus</b>	<b>95</b>	<b>1,031</b>	<b>1,964</b>
<b>Total Liabilities &amp; Equity</b>	<b>25,134</b>	<b>24,760</b>	<b>26,228</b>





## 5. PROPOSED REVISION TO PILOTAGE CHARGE RATES

The 2025 proposed pilotage charges are based on the 2024 charges.

The financial goals associated with the proposed pilotage charge adjustments are as follows:

- Adjusting rates to reflect the impact of traffic changes;
- Levy pilotage charges that are fair and reasonable to be financially self-sufficient;
- Continue to recruit and train a sufficient number of apprentice-pilots given the current shortage of pilots;
- Capital expenditures necessary to replace outdated IT software and hardware; and
- Build a reasonable reserve for future expenditures and contingencies.

The GLPA's 2025 pilotage charge adjustments consider the following:

- Assignment volumes as outlined in section 2 of this Document;
- Expenditures based on assignment volumes and contractual requirements as outlined in section 3 of this Document;
- Other sources of revenue;
- In 2025, the Great Lakes Pilotage Authority (GLPA). GLPA will implement a cost recovery program "Welland Canal pilot boat charges." This will include all pilot boat charges where additional pilot boat services are required, and costs are incurred due to conditions or events outside the control of the GLPA. These may include pilot boat charges to anchorage areas in Lake Ontario or Lake Erie where the vessel is anchored for the following reasons: tank or cargo hold cleaning, waiting for berth, waiting for cargo orders, traffic delays unrelated to shortage of pilot services and weather delays;
- Ship charges due to interruption during normal transit is a financial levy for ships that experience interruptions during normal transits due to issues related to the ship itself;
- Cash inflows and financial self-sufficiency as outlined in section 4 of this Document; and Rates required to complete all of the above steps.

### Fiscal 2025 Base Rate Calculations and Pilotage Charge Determination

To determine the pilotage charge adjustments required in fiscal 2025, the forecasted revenues and amounts to recover (expenses, capital expenditures and reserves) are compared. The GLPA's activity and related budgeting procedures are revised each year and rely heavily on information provided by stakeholders through consultation.

For regular rates effective March 21, 2025, the GLPA proposes revisions to increase revenue by \$1.9 million, based on reasonable and prudent projections of forecasted piloted marine traffic for its 2024 fiscal year.



The rate adjustments by district are summarized below:

**Pilotage Charges:**

a. Basic Charges for Pilotage Services, including locks, mileage, periods, movage, minimums

		Billed		2025 VS
		2024	2025	2024
		Tariff	Tariff	Increase
		A	B	A/B
<b>BASIC CHARGE FOR PILOTAGE SERVICES, including Locks, Mileage, Periods, Movage, Minimums</b>				
<b>CORNWALL DISTRICT</b>	Trip between the eastern limit of the Cornwall District and Cornwall or the pilot boarding station near Saint-Régis, Quebec	\$7,193	\$7,481	4.0%
	If a ship does not transit the entire district, the following charges apply:			
	(a) basic charge per statute mile; plus	\$54.97	\$57.17	4.0%
	(b) basic charge for each lock transited; with	\$920	\$957	4.0%
	(c) minimum basic charge	\$1,851	\$1,925	4.0%
	Basic charge for movage	\$2,771	\$2,882	4.0%
<b>INTERNATIONAL DISTRICT #1</b>	Basic charge per statute mile	\$47.08	\$48.96	4.0%
	Basic charge for each lock transited	\$628	\$653	4.0%
	The minimum basic charges for a trip through the district	\$1,374	\$1,429	4.0%
	The maximum basic charges for a trip through the district	\$6,036	\$6,277	4.0%
	Basic charge for movage	\$2,073	\$2,156	4.0%
<b>LAKE ONTARIO DISTRICT</b>	Basic charges for pilotage services in the district and its undesignated waters and contiguous waters apply to the following trips: * being present on board, for a six-hour period or part of a six-hour period, in the undesignated waters and contiguous waters of Lake Ontario	\$1,626	\$1,691	4.0%



		Billed		2025 VS
		2024	2025	2024
		Tariff	Tariff	Increase
		A	B	A/B
<b>BASIC CHARGE FOR PILOTAGE SERVICES, including Locks, Mileage, Periods, Movage, Minimums</b>				
INTERNATIONAL DISTRICT NO. 2	If a ship, during its passage through the Welland Canal, docks or undocks for any reason other than instructions given by the St. Lawrence Seaway Management Corporation, the following charges apply:			
	(a) basic charge per statute mile; plus	\$143.76	\$149.51	4.0%
	(b) basic charge for each lock transited; with	\$534	\$555	4.0%
	(c) minimum charge	\$1,787	\$1,858	4.0%
	Basic charges apply to the following trips:			
	* through the Welland Canal, if the pilot is changed at Lock 7			
(a) for that portion of the passage between the northern limit of the Canal and Lock 7	\$3,297	\$3,429	4.0%	
(b) for that portion of the passage between Lock 7 and the southern limit of the Canal	\$3,297	\$3,429	4.0%	
INTERNATIONAL DISTRICT NO. 2	* between Southeast Shoal and Toledo or any point on Lake Erie west of Southeast Shoal	\$3,525	\$3,666	4.0%
	* between points on Lake Erie west of Southeast Shoal	\$2,082	\$2,165	4.0%
	* between Southeast Shoal and the Port Huron Change Point or any point on the St. Clair River, if the pilot is not changed at the Detroit pilot boat	\$6,131	\$6,376	4.0%
	* between Southeast Shoal and Detroit, Windsor or any point on the Detroit River	\$3,525	\$3,666.00	4.0%
	* between Southeast Shoal and the Detroit pilot boat	\$2,552	\$2,654	4.0%
	* between Toledo or any point on Lake Erie west of Southeast Shoal and the Port Huron Change Point, if the pilot is not changed at the Detroit pilot boat	\$7,107	\$7,391	4.0%
	* between Toledo or any point on Lake Erie west of Southeast Shoal and Detroit, Windsor or any point on the Detroit River	\$4,577	\$4,760	4.0%
	* between Toledo or any point on Lake Erie west of Southeast Shoal and the Detroit pilot boat	\$3,525	\$3,666	4.0%
	* between Detroit, Windsor or any point on the Detroit River and any point on the Detroit River	\$2,082	\$2,165	4.0%
	* between Detroit, Windsor or any point on the Detroit River and the Port Huron Change Point or any point on the St. Clair River	\$4,614	\$4,799	4.0%
	* between the Detroit pilot boat and any point on the St. Clair River	\$4,614	\$4,799	4.0%
	* between the Detroit pilot boat and the Port Huron Change Point	\$3,581	\$3,724	4.0%
	* between points on the St. Clair River	\$2,082	\$2,165	4.0%
	* between the Port Huron Change Point and any point on the St. Clair River	\$2,552	\$2,654	4.0%
	Basic charges for pilotage services in the district and its undesignated waters and contiguous waters apply to the following trips:			
	* being present on board, for a six-hour period or part of a six-hour period, in the undesignated waters and contiguous waters of Lake Erie	\$1,356	\$1,410	4.0%
	* pilotage services consisting of a lockage and a movage between Buffalo and any point on the Niagara River below the Black Rock Lock	\$2,666	\$2,773	4.0%
* Welland Canal pilot boat charges – non pilot service related charges – Cost recovery	\$0	\$1,023	100%	



		Billed		2025 VS
		2024	2025	2024
		Tariff	Tariff	Increase
		A	B	A/B
<b>BASIC CHARGE FOR PILOTAGE SERVICES, including Locks, Mileage, Periods, Movage, Minimums</b>				
<b>INTERNATIONAL DISTRICT NO. 3</b>	Basic charges for pilotage services in the district and its designated waters and contiguous waters apply to the following trips:			
	(a) other than a movage, between the southern limit of the District and the northern limit of the District or the Algoma Steel Corporation Wharf at Sault Ste. Marie, Ontario	\$4,867	\$5,062	4.0%
	(b) other than a movage, between the southern limit of the District and Sault Ste. Marie, Michigan, or any point in Sault Ste. Marie, Ontario, other than the Algoma Steel Corporation Wharf at Sault Ste. Marie, Ontario	\$4,076	\$4,239	4.0%
	(c) other than a movage, between the northern limit of the District and Sault Ste. Marie, Ontario, including the Algoma Steel Corporation Wharf at Sault Ste. Marie, Ontario, or Sault Ste. Marie, Michigan	\$1,833	\$1,906	4.0%
	(d) basic charge for movage	\$1,833	\$1,906	4.0%
	Basic charges for pilotage services in the district and its undesignated waters and contiguous waters apply to the following trips: * being present on board, for a six-hour period or part of a six-hour period, in the undesignated waters and contiguous waters of Lake Huron, Lake Michigan, or Lake Superior.	\$978	\$1,017	4.0%

- b. detention and delay charges – increase of 4%
  - Detention and delay hourly rates at \$225
  - The maximum basic charge payable for detention and delay for any 24-hour period - \$5,400
  - All detention and delay charges will start at the 31-minute mark.
- c. cancellation charges – increase of 4%
  - Cancellation hourly rates at \$225
  - Basic charge payable each time there is a cancelled order in any of the districts - \$ 2,565
- d. over carriage charges – increase of 4%
  - Basic charge of \$ 697
- e. pilot transfer charges – increase of \$6 for Cornwall and \$7 for District #2
  - Basic charge of \$154 for Cornwall district
  - Basic charge of \$179 for District 2
- f. pilot boat finance recovery charges – No change
  - Basic charge of \$325 for District 1, 2, and Lake Ontario



- g. docking, undocking and stoppage charge – increase of 4%
- Basic charge of \$1,377 for all district
- h. request for pilotage services – short notice charge – increase of 4%
- Basic charge of \$4,384
- i. pilot travel charges – no changes
- If a pilot must travel to embark on a ship at a location other than one of the designated boarding points at the extremities of a compulsory pilotage area in order to provide pilotage services
    - during the period beginning on January 1 and ending on March 21 of the same year, a basic charge is payable in an amount equal to the sum of the reasonable travel and other expenses incurred by the pilot in travelling from their residence to the embarking location; or
    - at other times of the year, a basic charge is payable in an amount equal to the sum of the reasonable travel and other expenses incurred by the pilot in travelling from their home base to the embarking location.
- j. Churchill pilotage charges – no changes
- The basic charges for any pilotage service provided in a year are the following:
    - the salary and benefits of the pilot, as contracted, beginning on the day on which the pilot departs from their home base in order to provide the pilotage services set out in the initial request and ending on the day on which the pilot returns to that home base
    - the travel expenses of the pilot, starting from and ending at the pilot's home base, including transportation, meals and lodging
    - (the cost of the pilot's use of a pilot boat, helicopter or other means of transportation); and
    - an additional charge of 15% on the total to cover administrative and assignment costs.
- k. assignments of more than one pilot – no changes
- If more than one pilot is assigned to a ship, the basic charges must be multiplied by the number of pilots assigned. Assignment of an additional pilot is always determined in consultation between the pilots and the Authority, based on specific criteria at the discretion of the Authority.
- This includes but not limited to factors such as: vessel's construction, any restrictions to visibility, which may be caused by deck cargo or reduced visibility on vessels with a forward bridge, the absence of Navigational aids and environmental conditions at the beginning / end of the navigation season.
- l. apprentice-pilot training surcharge – no changes
- Surcharge of 5%
- m. pilotage Act administration surcharge – No Change
- Basic charge of \$34



n. ship Charges due to Interruption during Transit

- This charge, where applicable, establishes the financial levy for ships that experience interruptions during normal transit due to issues related to the ship itself.
- Scope
  - This charge applies to all vessels transiting through GLPA districts and outlines the levy imposed in the event of a ship stopping during transit due to factors attributable to the ship.
- Levy Imposition
  - If a ship stops or becomes stationary during normal transit due to a condition or issue originating from the ship itself (e.g., mechanical failure, crew error, etc.), a levy of \$2,500.00 will be imposed on the vessel.
  - The levy applies regardless of the duration of the stop, provided that the cause is linked to the ship's own condition or operations.
- Exceptions
  - This levy does not apply in cases where the interruption is due to factors beyond the control of the ship (e.g., environmental, navigational hazards, or instructions from maritime authorities).
- Payment and Enforcement
  - The levy will be invoiced to the vessel owner/operator.
  - Failure to remit payment for the levy may result in additional penalties or restrictions on future transit.
- Effective Date
  - This charge is effective immediately and will remain in force until further notice.

Vessels that choose not to pay the levy will be required to submit a 12-hour prospect and a 6-hour order to continue their transit. This requirement applies only in cases where the vessel is berthed or anchored, and a pilot is no longer needed on board.



## 6. JUSTIFICATION OF THE PROPOSAL IN RELATION TO THE CHARGING PRINCIPLES

The principles governing the establishment of new charges or the revision of existing charges by the GLPA are set out in section 33.2 of the *Pilotage Act*. Each of the principles is presented below in italics, followed by an explanation of how the Notice complies with that principle.

*33.2 (1) a. Pilotage charges shall be established and revised in accordance with an explicit methodology – that includes and conditions effecting the pilotage charges – that the GLPA has established and published;*

The methodology, which is reflected in this Document and the Notice has been placed on the GLPA's website as required under s. 33.2 of the *Pilotage Act*. Based on this information, any person subject to the GLPA's charges can calculate the amount that would be payable for a specific pilotage assignment.

*33.2 (1) b. that pilotage charges be structured in a way that does not encourage the user to engage in practices that diminish safety for the purpose of avoiding a charge;*

The GLPA's charges are not structured in such a manner that safety may be impacted. Since pilotage services are compulsory for all ships of more than 1,500 gross tonnage and for ships that are not registered in Canada that are over 35 meters in length when within the GLPA's compulsory pilotage area, users have no option but to use the services of a pilot, unless the ship is under the conduct of a valid certificate holder. The pilotage charges are structured primarily based on the unalterable dimensions of the ship, which do not change from one voyage to the next. The basic pilotage charges have been developed taking into account the uniqueness and complexity of each district. In addition, the structure of the GLPA's charges is such that they cannot be avoided or diminished through adjusting operations in a manner that reduces safety.

*33.2 (1) c. that pilotage charges be the same for Canadian users or ships and foreign users or ships;*

There is no differentiation in the proposed revised charges for an assignment whether the vessel is domestic or foreign.

*33.2 (1) d. that pilotage charges be set at levels that allow the Authority to be financially self-sufficient and be fair and reasonable;*

The proposed charges are based on an allocation of operating and capital costs, that allow the GLPA to fulfill its mandate and achieve its mission and achieve financial self-sufficiency. The charges established allow the GLPA to fulfill its mandate while being fair and reasonable.

*33.2 (1) e. that pilotage charges not be set at levels that, based on reasonable and prudent projections, would generate revenues exceeding the Authority's current and future financial requirements related to the provision of compulsory pilotage services;*

Going forward, the GLPA's financial objective is to generate a sufficient annual surplus to maintain a reasonable reserve on an ongoing basis. To achieve this goal, the GLPA develops annual pilotage charge strategies to cover its operational expenditures while containing pilotage costs. The GLPA is committed to maintaining a reasonable reserve to ensure it can sustain its operations during unpredictable situations and significant reductions in traffic.



## 7. COST OF SERVICES

The GLPA records costs for each district in which pilotage services are provided and does so in accordance with International Financial Reporting Standards (IFRS). There are currently six (6) service delivery centers that represent the five (5) districts and the Port of Churchill. The majority of costs are directly attributable to pilotage services directly associated to the delivery centers. Pilots are licensed for specific districts, pilot boat services and facilities are localized, and other costs are generated by specific pilotage assignments. Shared costs include general operating and administrative overhead, dispatch center costs, and training costs. The shared costs are assigned to the delivery centers by activity-based costing.

### a) Cost Allocation Methodology

When determining the charges and measuring subsequent results, the direct costs for resources available to the district are applied to that individual service delivery center. These costs include:

- Pilot salaries and benefits;
- Pilot boat costs services;
- Other services provided by third parties (i.e. land transportation, pilot transfer);
- Dedicated communications and other equipment related costs; and
- Other expenditures or activities specific to the district.

### b) Cost Allocation Process

Budgets directly attributed to the service delivery centers are developed based on the following:

- forecasted pilotage assignments by district and by class of ships. The GLPA uses several sources of information to predict traffic levels. The traffic patterns of previous years are combined with changes within individual business sectors, announced or expected expansions or contractions, and general economic conditions;
- planned licensed pilot and apprentice-pilot headcount changes;
- planned activities aligned with the GLPA's upcoming objectives, initiatives, and strategies; and
- contractual changes and commitments or assumed inflation increases, factoring in the cost drivers (i.e. based on the forecast of pilotage activity).

Budgets for general operating and administrative costs are developed based on the following:

- planned dispatching and administrative headcount changes;
- planned activities aligned with the GLPA's upcoming objectives, initiatives and strategies;
- using the previous year's actual costs, adjusted for contractual changes and commitments or assumed inflation increases; and
- depreciation and financing costs associated with the proposed capital budget.

The general operating and administrative costs are then charged to service delivery centers based on resources and activity levels for each center.





## 8. DEFINITIONS AND INTERPRETATIONS

Pilotage charges are applied to a pilotage assignment based on the type of movement, status of pilotage requirements for the area, and the interpretation and definitions below:

### Definitions

*Authority* means the Great Lakes Pilotage Authority;

*Breadth* has the same meaning as in Division 3 of the *General Pilotage Regulations*;

*Cancelled order* is when a request for pilotage services is cancelled by the owner, master or agent of the ship after the request was accepted;

*Cancelled sail* is when, after a pilot reports for duty at a designated boarding point, the ship fails to sail, move or depart within 3 hours of delay a cancelled sail fee will automatically apply;

Cornwall District has the same meaning as in Division 3 of the *General Pilotage Regulations*; Depth has the same meaning as in the *General Pilotage Regulations*;

*Designated waters* means the waters in International Districts Nos. 1, 2 and 3;

*International District No. 1* has the meaning described in schedule 4 of the *General Pilotage Regulations*;

*International District No. 2* has the meaning described in schedule 4 of the *General Pilotage Regulations*;

*International District No. 3* has the meaning described in schedule 4 of the *General Pilotage Regulations*;

Interruption of Transit is an instance of transit execution for ships that experience interruptions during normal transit due to issues related to the ship itself outside the control of the Authority.

*Length* has the same meaning as in the *General Pilotage Regulations*; *Movage* has the same meaning as in the *General Pilotage Regulations*;

*Port of Churchill* is the reference to “all the navigable waters, including any foreshore, commencing at the northern extremity of Arviat (formerly called Eskimo Point) and running on a course due north to a point distant five nautical miles from the northernmost extremity of Arviat; thence, on the circumference of a circle with the said northernmost extremity as a center, easterly and southerly to the shore of Hudson Bay at the high-water mark; thence, following the said high-water mark westerly to Cape Merry; thence, following the high-water mark on the eastern shore of the Churchill River upstream as far as the tide ebbs and flows; thence, across the Churchill River to its western shore; thence, northerly and following the high-water mark downstream to the point at Old Fort Prince of Wales and across to Arviat and to the place of beginning”;



### Weighting Factor of Pilotage Charges

The following pilotage charges are based on a flat rate with no weighting factor:

- pilot transfer charges;
- pilot boat finance recovery;
- docking, undocking, and stoppage;
- short notice;
- pilot travel expenses and
- Port of Churchill charges
- Welland Canal pilot boat charges
- ship Charges due to Interruption during Transit.

The following pilotage charges are subject to a weighting factor based on the pilotage unit, as calculated below:

- basic charges, including locks, mileage, periods, movage, minimums and maximums;
- delays and detentions;
- cancellations; and
- overcarriage.

The weighting factor of a ship for the various locations is set out in column 1 and whose pilotage unit is set out in column 2 of the following table is set out in column 3:

Item	Column 1 Locations	Column 2 Pilotage Unit	Column 3 Weighting Factor
1	Anywhere other than the Port of Churchill	Not more than 49	1.00
2	Anywhere other than the Port of Churchill	More than 49 but not more than 159	1.15
3	Anywhere other than the Port of Churchill	More than 159 but not more than 189	1.30
4	Anywhere other than the Port of Churchill	More than 189 but not more than 219	1.45

### Pilotage Units

The pilotage unit of a ship is based on the following calculation:

$$\frac{\text{Length of the ship} * \text{Breadth of the ship} * \text{Moulded Depth of the ship}}{283.17}$$

283.17



## 9. CONSULTATION

The GLPA will ensure that the main pilotage users are fully consulted before any material service realignments are undertaken.

Consultations in various forms took place with the affected parties throughout 2024. Formal consultation sessions were held either in-person or via video conference for the following stakeholders:

- Shipping Federation of Canada; and
- Chamber of Marine Commerce.

### *Shipping Federation of Canada*

The GLPA's principal stakeholder is the Shipping Federation of Canada as it represents the owners and operators of foreign-flagged ships that are required, by law, to enlist pilotage services from the GLPA while transiting the Great Lakes system. The Shipping Federation of Canada represents approximately 80-85% of the GLPA's customers. A consultation session was held with the Shipping Federation of Canada on November 06, 2024.

### *Chamber of Marine Commerce*

The other principal stakeholder of the GLPA is the Chamber of Marine Commerce which represents the owners and operators of Canadian-flagged ships. While the majority of Canadian-flagged ships do not enlist pilotage services from the GLPA (as they elect to enlist services from pilotage certificate holders instead), approximately 10 of the Chamber's 70 domestic ships are Canadian tankers that request the use of a pilot. The Chamber represents approximately 15-20% of the GLPA's customers. A consultation session was held with the Chamber of Marine Commerce on December 11, 2024.

### *Presentations*

As part of the consultation meetings, the GLPA presented its forecasted financial results for 2024, an update on pilot recruitment initiatives to address the current shortage of pilots to better meet current pilotage demands, its 2025 pilotage charge objectives as well as its proposed 2025 pilotage charge strategies. The Great Lakes Pilotage Authority (GLPA) has been diligently addressing the primary concerns of stakeholders, which include high levels of vessel delays and high costs of pilotage charges. Recognizing the critical impact of these issues on operational efficiency and cost-effectiveness, GLPA has implemented various strategies to mitigate delays within its control. These efforts are aimed at enhancing the overall reliability and affordability of pilotage services, thereby fostering a more efficient maritime transportation system in the Great Lakes region.



## 10. INFORMATION REGARDING NOTICE AND ON MAKING REPRESENTATIONS TO THE GLPA

This Details and Principles Document is available on-line, and a copy may be downloaded from the GLPA's website at <https://www.glpa-apgl.com/>.

Information on the existing charges is also provided on the GLPA's website. Additional copies of this Notice may be obtained by contacting the GLPA:

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                      Great Lakes Pilotage Authority  
                      202 Pitt Street, 2<sup>nd</sup> Floor  
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